

VZCZCXRO5989

OO RUEHAO RUEHCD RUEHGA RUEHGD RUEHHA RUEHHO RUEHMC RUEHMT RUEHNG
RUEHNL RUEHQU RUEHRD RUEHRG RUEHRS RUEHTM RUEHVC

DE RUEHTG #0649/01 2051755

ZNY SSSSS ZZH

O 241755Z JUL 09

FM AMEMBASSY TEGUCIGALPA

TO RUEHC/SECSTATE WASHDC IMMEDIATE 0248

INFO RUEHWH/WESTERN HEMISPHERIC AFFAIRS DIPL POSTS IMMEDIATE

RUEHUB/USINT HAVANA IMMEDIATE 0248

RUMIAAA/CDR USSOUTHCOM MIAMI FL IMMEDIATE

RUEAHND/COMJTF-B SOTO CANO HO IMMEDIATE

RUEAHND/CDRJTFB SOTO CANO HO IMMEDIATE

RUEKJCS/JOINT STAFF WASHDC IMMEDIATE

RUEAIIA/CIA WASHDC IMMEDIATE

RHEFDIA/DIA WASHINGTON DC IMMEDIATE

RUEIDN/DNI WASHINGTON DC IMMEDIATE

RUEHLMC/MILLENNIUM CHALLENGE CORP WASHINGTON DC IMMEDIATE 1136

RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC IMMEDIATE

RUEKJCS/SECDEF WASHDC IMMEDIATE

RUMIAAA/USSOUTHCOM MIAMI FL IMMEDIATE

RUMIAAA/HQ USSOUTHCOM MIAMI FL//J3// IMMEDIATE

S E C R E T SECTION 01 OF 05 TEGUCIGALPA 000649

NOFORN

SIPDIS

STATE FOR WHA/CEN

E.O. 12958: DECL: 07/23/2019

TAGS: [PGOV](#) [PREL](#) [ASEC](#) [CASC](#) [KDEM](#) [MARR](#) [HO](#)

SUBJECT: TFH01: OUR FULL COURT PRESS TO REACH A RESOLUTION
CONTINUES

REF: A. A. TEGUCIGALPA 619

[1](#)B. B. TEGUCIGALPA 632

TEGUCIGALP 00000649 001.2 OF 005

Classified By: Ambassador Hugo Llorens, reasons 1.4 (b and d)

[1](#)1. (C) Summary: Post continues to apply pressure on all fronts to bring the conflicting sides to a resolution of the political crisis through the Arias process. The Ambassador and Embassy Officers have met with private sector leaders, civil society representatives, political figures and other figures who wield sway in Honduran society, presenting the U.S. position that the actions of June 28 were clearly a coup, and that the restoration of the constitutional order was vital to Honduras and the U.S.-Honduran relationship. The prevailing attitude from these various interlocutors was that the Micheletti side is moving in the right direction but has not yet accepted an agreement that would allow President Zelaya to return to office. The Embassy will continue to press the case for the Arias process, and explaining why this represents their best opportunity to resolve the crisis through diplomatic means. Among our many interlocutors, while continuing to defend the coup, we are seeing a shift on the need to find a negotiated solution. The almost pathological fear of many Hondurans of Zelaya and his connection to Chavez seems to be the major obstacle to reaching an agreement. While de facto regime president Micheletti continues to make unproductive public comments, his base of support is softening. A unified push from within the leadership of Honduran civil society could be an important element to influence Micheletti, in addition to our coordinated efforts to bring political, business and military leaders to our position. End summary.

De Facto Regime and Military Command

[1](#)2. (C) In accordance with Department guidance, Economic Counselor met July 20 with Minister of Finance Gabriela Nunez. EconCouns stated the USG's support for the Arias

talks and encouraged full participation from Micheletti's delegation in these talks. Nunez stated that she is skeptical of the talks and personally would not stay in the cabinet if Zelaya was to return because of how she had been treated previously by Zelaya. She believes that Zelaya would continue to misuse funds and alleged that Zelaya had used IDB funds for the fourth urn. She worries that Zelaya will take radical fiscal actions such as raising the minimum wage again.

13. (C) EconCouns and Nunez discussed the idea of a control board which would oversee all expenditures. Auditors would make sure that every expenditure is in accordance with the budget. Nunez seemed open to this idea but stated that the U.S. or another international agency funding would be necessary. EconCouns encouraged her to present this idea during the negotiations. Nunez was still skeptical but agreed to talk to Micheletti.

14. (C) EconCouns spoke by telephone on July 20 with de facto Trade Minister Benjamin Bogran, formerly Executive Director of the Honduran Private Enterprise Council (COHEP), who was in Costa Rica. EconCouns presented the USG position regarding the coup, as well as the importance of restoring the constitutional order. He expressed the USG hope that the Micheletti team would return to the table with concrete proposals for moving forward under the Arias plan, noting it was the best and last hope for restoring the constitutional order, avoiding violence and removing Honduras from international isolation. Bogran said the Micheletti side was willing to accept anything except the return of Zelaya, noting that the real problem was not Zelaya, but rather Hugo Chavez. Bogran said the Micheletti team sincerely believed that, regardless of what conditions Zelaya might accept or what guarantees the international community might provide,

TEGUCIGALP 00000649 002.2 OF 005

Chavez would find a way to exploit the situation. When pressed on what sort of security the international community could provide to assuage those fears, Bogran said they needed two assurances: first, that Chavez would not control Honduras, and second, that there would be a mechanism put in place to guarantee the world would not abandon the Honduran people against Chavez.

15. (S/NF) DATT met with Chief of Defense (CHOD) MG Vasquez and the Honduran equivalent to the Joint Chiefs, the six highest-ranking officers in the military to reiterate the U.S. position and explore what ideas that they could offer on securing a successful negotiation in San Jose. All the officers commented that the action on June 28 was legal and that Zelaya could not come back. They stated they understood the U.S. position but were pessimistic at any possibility for an agreement. The CHOD reiterated his previous message that the military leadership were above all concerned with remaining out of the political sphere, leaving those matters to civilian leadership. However, they agreed to talk about possible measures that could facilitate acceptance of the Arias negotiations.

16. (S/NF) The DATT then met with the de facto Vice Minister of Defense, Gabo Jalil, who echoed the sentiment of the Joint Chiefs, adding his own concern that if President Zelaya were allowed to return to office, he would return to the same behavior and political tactics which led to the June 28 coup.

17. (C) EmbOff met with Vice President of Congress Ramon Velasquez Nazar July 20 to convey the U.S. position and gauge congressional sentiment toward the Arias agreement. Velasquez told EmbOff that the de facto government appeared unwilling to accept any agreement that included Zelaya's return, and instead was preparing Honduras for the difficult consequences of international isolation and going without aid. However, it was apparent from the conversation that those consequences were not fully understood by the Micheletti side. This meeting provided an opportunity to educate a key congressional leader on the U.S. position and

the importance of the Arias mediation.

Business Leaders

¶8. (S) The Ambassador met with the heads of the Honduran National Industrial Association (ANDI) Fito Facusse and the Anti-corruption Commission Juan Ferrera on July 20 to discuss the USG position and the Arias negotiations. Facusse mentioned that the private sector had tentatively raised 12 million Lempiras (USD 635,000) to help finance the de facto regime. He observed that Arias's own political career made him biased, and imparted his feeling that both Micheletti and Zelaya needed to resign for the good of the country. Facusse also observed that the coup came from a great fear of Chavez rather than Zelaya. The Ambassador restated the USG position condemning the coup, seeking the reestablishment of the democratic and constitutional order and supporting the mediation efforts of President Arias. Facusse and Ferrera, both anti-Zelaya hardliners, understood our position but restated the deep-seated popular mistrust of Zelaya as an impediment to an agreement. They also noted that per the current Constitution it is difficult to limit the Executive or manage the Armed Forces. Nevertheless, they appeared open to consider the Arias proposal, assuming the agreement contained strong guarantees. They both said they would communicate directly with Micheletti's negotiating team.

¶9. (C) Economic Counselor met July 21 with John Padgett, prominent businessman and previous legal counselor for COHEP. Padgett began the meeting by presenting an alternative 7 point proposal which did not include Zelaya's return to presidency. EconCouns encouraged Padgett to work from Arias'

TEGUCIGALP 00000649 003.2 OF 005

existing seven point proposal.

¶10. (C) Economic Counselor discussed with Padgett how the "verification commission" could work to their advantage. During the period of immunity there could be open public hearing where the public could learn the truth and both sides would have temporary immunity. Impartial outside observers could oversee such hearings. Padgett liked the idea of a fact finding mission where people are ultimately held accountable for their actions. EconCouns explained how the immunity gives them leverage because if either side does not abide to the agreements set forth then the immunity is voided. The make-up of a potential unity cabinet was also discussed. Padgett seemed open to the idea of Zelaya's conditional return and agreed to send a proposal to Micheletti.

¶11. (C) On Bogran's recommendation, EconCouns then met with COHEP member Armando Urtecho on July 20. Urtecho said COHEP was having a board meeting July 21, and many members were concerned about the potential impact of the crisis on exports to the United States. He inquired whether there were any plans to suspend CAFTA-DR for Honduras if there were no agreement. EconCouns said that would be an extreme step, but anything was possible if the interim government remained intransigent, noting that Micheletti had refused to accept a call from the Secretary (Note: this seemed to take him by surprise. End note). More importantly, EconCouns noted, if there was no political settlement, the impact on foreign assistance and private investment could have severe and long-lasting impact on the Honduran economy. Also, labor groups in the United States who were already boycotting Honduran apparel because of alleged anti-union activities would gain more support. He explained the best way forward for Honduras was a political agreement through the Arias process, based on the seven-point plan currently on the table. EconCouns added that if the Micheletti side needed additional conditions or security guarantees, they should put them on the table and let the international community know what outside support is needed. But they needed to be

prepared to discuss, at least hypothetically, Zelaya,s return. Urtecho said he would take hat message back to the membership.

¶12. (SBU) On July 21, the Ambassador and EconOff met with five U.S. Citizens representing tourism-related busiesses owned by AmCits in Copan and the Bay Islans. The AmCits expressed surprise at how quickly the USG took the stance that a coup d'etat had occurred and were deeply concerned about USG policy towards the de facto regime. They felt that the situation was inaccurately reported in U.S. media and that the offices that they contacted in Congrass did not have the full picture. The representtives presented the Ambassador with 155 letters from the American community in the Bay Islands saying that the USG position is wrong and that the USG needs to respond appropriately. The Ambassador responded that he would read all of the letters provided and assured them that the Embassy wanted to maintain close ties to its constituents in Honduras. They also expressed fears that if Zelaya were allowed to return, Chavez would expropriate businesses owned by AmCits. The Ambassador provided a lengthy and detailed background briefing on the U.S. position, stressing that we were working to support democracy in Honduras and the restitution of the democratic and constitutional order. The Ambassador voiced U.S. support for the Arias mediation and how this effort offered a viable negotiated solution to the Honduran crisis. At the end of the discussion, the AmCits acknowledged that the USG position, as we explained, was not accurately reflected by the media and conceded that from a legal standpoint the position might be right.

¶13. (SBU) The group also presented concerns regarding how the political crisis was impacting U.S. owned business. They

TEGUCIGALP 00000649 004.2 OF 005

estimated that tourism was down by as much as 40 percent since the coup and that this was the first time they had ever seen a decrease in the number of hits received on their websites. They lamented that if the slump continued for much longer, they would be forced to scale back costs and lay off workers, and that tourism may die in the long-run. The group pointed out that there had been no incidents of violence or demonstrations in the Bay Islands and requested the Embassy to revise its Travel Warning to reflect a message that it is safe to travel to their region. The Ambassador did not promise anything but agreed to review the issue.

Civil Society

¶14. (SBU) USAID Mission Director met on July 21 with several international NGOs supported by the USG and working in rural areas on humanitarian programs. He also met with the director of the Alliance of Honduran NGOs, an association representing 80 local grassroots organizations. AID Director reiterated the U.S. position on the coup, the importance of returning President Zelaya to office and the U.S. commitment to the Arias process in Costa Rica. The international NGO representatives assured AID Director that all their focus was on humanitarian efforts and that they maintain total impartiality in the political context. However, as the director of the alliance noted, this was not the case with the local Honduran grassroots NGOs where many have chosen sides. This exemplifies the continuing polarization of Honduran society and the potential difficulty of relying on local groups normally considered impartial on political issues. All were very appreciative of the discussion and noted their hope for successful negotiations in Costa Rica.

¶15. (C) Acting Political Counselor met with Dr. German Leitzelar, former Labor Minister and current Director of the National Dialogue, a body created by Congress before the coup to promote reconciliation among the opposing political factions. Leitzelar while personally sympathetic with the

coup, agreed with the U.S. position that the current crisis was harmful for all sides and a swift restoration of the constitutional order was necessary. He expressed concern that during this period of crisis, Honduras ran a serious risk of falling further under the control of narco-traffickers and other organized crime figures, as well as more radical factions of the pro-Zelaya movement who have repeatedly cited Article Three of the Honduran Constitution which grants the people the right to wage insurrection against a usurper or illegitimate government.

¶16. (C) Leitzelar said he supported the Arias efforts, and that the Micheletti team was ready to accept all points of the Arias proposal except the return to office of President Zelaya. When asked what was needed to gain their acceptance of that vital point, he said they needed clear guarantees with international backing that Zelaya would not be able to violate the agreement. Leitzelar suggested the presence of an international arbitrating team would assuage these fears. Leitzelar also noted the provision for amnesty from political crimes in the proposal lacked important clarity, a point he feared could be exploited by Zelaya once back in office.

¶17. (C) Leitzelar also said he thought Micheletti might be brought around to accepting the Arias proposal with these additional safeguards if prominent leaders of Honduran society unified by making a public statement thanking Micheletti for certain actions but then pushing him to make peace for the sake of the institution of the presidency and democracy, which was far greater a matter than the misdeeds of one man.

¶18. (C) Comment: Among many interlocutors, while continuing to defend the coup, we are seeing a growing willingness to

TEGUCIGALP 00000649 005.2 OF 005

reach a resolution of the political crisis. The almost pathological fear of many Hondurans (Ref C) of Zelaya as a sort of left-wing "bogeyman" and Zelaya's connection to Hugo Chavez seems to be the chief obstacle to reaching an agreement. While de facto regime president Micheletti has continued to make unproductive public comments and appears unhurried to resolve the crisis, his base of support is softening. The Leitzelar concept of a unified push from within the leadership of Honduran society may be the best means to press Micheletti forward, given his recent rhetoric that "we Hondurans" are prepared to stand firm against outside pressure. End comment.
LLORENS